

Remarks

In the Office Action mailed February 24, 2004:

1. Claims 1-7 and 10-28 were rejected under 35 U.S.C. § 101 as being directed toward non-statutory subject matter; and
2. Claims 1-41 were rejected under 35 U.S.C. § 102(b) as being unpatentable over U.S. Patent No. 5,903,878 (Talati).

I Rejections under 35 U.S.C. § 101

Claims 1-7 and 10-28 were rejected as being directed toward non-statutory subject – in particular, an abstract idea.

Claim 1 was amended to identify specific components of the system for verifying a customer's authority to use a financial instrument, and to specify that the method is computer-implemented.

Claim 13 already specifies that the recited method is computer-implemented, and was amended to include an operation that affects the user in the real world – values selected as part of the method will impact the user's financial account balance.

Claim 25 was amended to identify specific components of the system for verifying a credit card, and to specify that the method is computer-implemented.

Claim 27 was amended to identify specific components of the system for verifying a bank account, and to specify that the method is computer-implemented.

Because the methods of claims 1-7 and 10-28 are performed on computers, and involve technological or physical operations such as storing data (e.g., attributes), receiving data, comparing data and so on, including operations that affect the real world (e.g., in the form of financial transactions impacting a person's financial status), Applicants traverse the 35 U.S.C. § 101 rejections.

II Talati (U.S. Patent No. 5,903,878)

Talati is directed to a Method and Apparatus for Electronic Commerce (title), and provides a system that includes an originator, a recipient and a transaction administrator (TA). The originator (e.g., a client or purchaser) originates an electronic commerce transaction (column 2, lines 55-60). The recipient (e.g., a merchant or vendor) receives payment for the transaction

(column 2, lines 60-65). The TA (e.g., a credit card authority or financial network) authenticates the originator and recipient and validates transaction contents (column 2, line 65 – column 3, line 3).

In Talati, an originator initiates a purchase or payment by sending a transaction to the recipient. The transaction includes some details of the purchase, along with a unique transaction identifier (UTID) generated by the originator. After receiving the transaction, the recipient sends a payment authorization request to the TA; the request includes the UTID. Upon receipt of the payment authorization request, the TA validates the originator and the recipient. Validation of the originator requires the TA to send to the originator a validation request that includes the UTID. The originator extracts the UTID and compares it to a list of generated transaction identifiers to determine if the transaction was initiated by the originator. (column 3, lines 4-48).

In a claimed embodiment of Applicants' invention, a system (e.g., a verification system) for verifying a customer's financial instrument (e.g., credit card, bank account) initiates one or more transactions using that instrument. The transactions are not initiated by the customer. The system stores details of the transactions and later receives those same details from the customer to verify that the customer controls the instrument. The system compares the details offered by the customer to the stored details. If they match, the customer is then allowed to use the instrument to perform financial transactions. Methods claimed for verifying a financial instrument in the present application do not recite actions that must be performed by entities outside the verification system.

Talati cannot anticipate Applicants' invention, for reasons including the following.

A. Talati Does Not Enable Use of an Instrument for a Later Transaction

Talati's methods of providing validated electronic commerce transactions only serve to validate *current* transactions. This is to be expected, as Talati is intended to merely validate the contents of each individual transaction (column 3, lines 4-6), during the transaction, in order to permit the originator and recipient to safely perform their obligations without fear that the other party will renege. Talati's validation simply attempts to determine whether an originator authorized the immediate transaction (column 3, line 38).

Thus, Talati validates individual transactions, while they are occurring, regardless of which financial instrument or type of instrument is used, and does not allow the electronic

commerce apparatus to approve use of a particular instrument for a *later* transaction.

In contrast, claimed embodiments of Applicant's invention are designed to conduct a set of test transactions to verify a customer's possession or control of a financial instrument. If verification succeeds, the customer is permitted to use the instrument in a subsequent transaction.

B. Talati Receives Transaction Details During the Transaction

The Examiner reported that, in Talati, the originator receives a transaction request and associated data from the transaction administrator (column 5, lines 7-12). This is done during the transaction. In fact, the transaction cannot be completed until this is done and the originator validates the transaction identifier.

In contrast, in one or more embodiments of Applicants' invention, attributes or details of transactions initiated by a verification system are solicited and/or received from a customer or user after the transactions are completed. Thus, Talati does not teach or even suggest this aspect of the invention.

C. No Entity in Talati Can Perform Applicant's Method

Performing a method described in Talati requires multiple independent entities to execute different operations. In particular, the originator originates an electronic commerce transaction and later approves or disapproves the TA's validation request. The recipient receives the transaction and issues a payment authorization request to the TA. The TA receives the payment authorization request, validates the UTID and confirms or aborts the transaction depending on whether the originator approves the validation request. Each of these entities (originator, recipient and transaction administrator) operates autonomously of each other and is incapable of performing the functions of any other entity.

The entities *must* operate independently of each other in order to allow the originator and the recipient to trust that the other will perform its obligation. Thus, no one entity in Talati is capable of performing all elements of a claimed embodiment of Applicants' invention. For example, an originator may initiate a transaction using a financial instrument, but the originator cannot then later accept use of that financial instrument as recited in claim 1. Use of the financial instrument may be accepted by the recipient in Talati, as another example, but the recipient does not initiate a transaction or compare stored details of the transaction to details

offered by the originator.

More particularly, the Examiner's rejection of independent claims 1, 13, 25 and 27 cite portions of Talati to show that the *originator*:

- initiates a transaction (column 4, lines 45-57);
- stores one or more attributes of a transaction (column 5, lines 15-20);
- receives proffered attributes (column 5, lines 7-12); and
- compares the proffered and stored attributes (column 5, lines 15-20).

However, the cited portions of Talati also show that it is the *transaction administrator* that grants or rejects the transaction (column 5, lines 20-32). Thus, Talati teaches away from Applicants' method of verifying a customer's authority to use a financial instrument, by requiring independent entities to act in cooperation, and cannot anticipate the present invention.

III Selected Claims

A. **Claims 1-12, 42-43**

Claim 1 was amended to make it clearer that if the financial instrument is verified, it may then be used for a *subsequent* transaction. As described above in Section II.A, any verification or validation performed in Talati is performed only for the *immediate* transaction, not to enable use of a financial instrument for a later transaction.

Also, as described above in Section II.C, Talati teaches one to employ different entities to perform different parts of a transaction or transaction validation. The method of claim 1 is performed entirely by a single entity (e.g., verification system 100 of FIG. 1).

Claim 2 recites "soliciting said proffered attributes from the customer." In rejecting claim 1, the Examiner equated the proffered attributes with "the transaction request and associated data" received by the originator from the TA (column 5, lines 7-12). In rejecting claim 2, however, the Examiner compares the "proffered attributes" to answers to security questions received by the TA from the originator (column 5, lines 35-40). Thus, the Examiner compares Applicants' "proffered attributes" to two different types of data received by two different entities (i.e., transaction data received by the originator, security data received by the transaction administrator). Thus, the rejection of either claim 1 or claim 2 must fail.

Claims 42 and 43 were added to specify that the subsequent transaction may involve transferring funds between the customer using the financial instrument and another entity identified by the customer.

B. Claims 13-24

Claim 13 was amended to make it clearer that if the financial account is verified, it may then be used for a *subsequent* transaction. As described above in Section II.A, any verification or validation performed in Talati is performed only for the *immediate* transaction, not to enable use of a financial account for a later transaction.

Also, as described above in Section II.C, Talati teaches one to employ different entities to perform different parts of a transaction or transaction validation. The method of claim 13 is performed entirely by a single entity (e.g., verification system 100 of FIG. 1).

Claim 14 recites “soliciting said test set of details from the user.” In rejecting claim 13, the Examiner equated the test set of details with “the transaction request and associated data” received by the originator from the TA (column 5, lines 7-12). In rejecting claim 14, however, the Examiner compares the “test set of details” to answers to security questions received by the TA from the originator (column 5, lines 35-40). Thus, the Examiner compares Applicants’ “test set of details” to two different types of data received by two different entities (i.e., transaction data received by the originator, security data received by the transaction administrator). Thus, the rejection of either claim 13 or claim 14 must fail.

C. Claims 25-26

Claim 25 was amended to make it clearer that if the credit card is verified, it may then be used for a *subsequent* transaction. As described above in Section II.A, any verification or validation performed in Talati is performed only for the *immediate* transaction, not to enable use of a credit card for a later transaction.

In addition, claim 25 was amended to specify that details of the transactions initiated by the verification system are received from a user after the transactions are complete. As described in Section II.B, Talati cannot do this; the originator must receive and validate a transaction before it can be completed.

Also, as described above in Section II.C, Talati teaches one to employ different entities to perform different parts of a transaction or transaction validation. The method of claim 25 is performed entirely by a single entity (e.g., verification system 100 of FIG. 1).

D. Claims 27-28

Claim 27 was amended to make it clearer that if the bank account is verified, it may then be used for a *subsequent* transaction. As described above in Section II.A, any verification or validation performed in Talati is performed only for the *immediate* transaction, not to enable use of a bank account for a later transaction.

In addition, claim 27 was amended to specify that details of the transactions initiated by the verification system are received from a user after the transactions are complete. As described in Section II.B, Talati cannot do this; the originator must receive and validate a transaction before it can be completed.

Also, as described above in Section II.C, Talati teaches one to employ different entities to perform different parts of a transaction or transaction validation. The method of claim 27 is performed entirely by a single entity (e.g., verification system 100 of FIG. 1).

D. Claims 30-38

Claim 30 was amended to make it clearer that, in this embodiment of the invention, the test set of details of the transactions is received *independently* of the transactions. As described above in Section II.B, Talati requires the originator to receive transaction details – for the purpose of validating the transaction – as *part of* the transaction.

Similarly, claim 30 was amended to make it clearer that the “first set of details” and the “test set of details” are compared *after* the transactions are complete, not *during* the transactions as Talati requires.

D. Claims 39-41

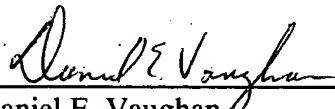
Claim 39 was amended to make it clearer that, in this embodiment of the invention, the test set of details of the transactions is received *independently* of the transactions. As described above in Section II.B, Talati requires the originator to receive transaction details – for the purpose of validating the transaction – as *part of* the transaction.

CONCLUSION

No new matter has been added with the preceding amendments. It is submitted that the application is in suitable condition for allowance. Such action is respectfully requested. If prosecution of this application may be facilitated through a telephone interview, the Examiner is invited to contact Applicant's attorney identified below.

Respectfully submitted,

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By:  42,199
Daniel E. Vaughan (Registration No.)

Park, Vaughan & Fleming LLP
702 Marshall Street, Suite 310
Redwood City, CA 94063
(650) 474-1973: voice
(650) 474-1976: facsimile